

FILED
IN CLERK'S OFFICE
U.S. DISTRICT COURT E.D.N.Y.

★ **APR 10 2018** ★

LONG ISLAND OFFICE

ALB:BTK
F. #2018R00396

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

- - - - - X

UNITED STATES OF AMERICA

- against -

BLAKE KANTOR,
also known as "Bill Gordon,"

Defendant.

- - - - - X

THE GRAND JURY CHARGES:

INDICTMENT

CR-18-0177
Cr. No. -
(T. 18, U.S.C., §§ 981(a)(1)(C), 1001(a)(2),
1349, 1512(c)(1), 2 and 3551 et seq.; T. 21,
U.S.C., § 853(p); T. 28, U.S.C., § 2461(c))

SPATT, J.

BROWN, M. J.

INTRODUCTION

At all times relevant to this Indictment, unless otherwise indicated:

I. The Defendant, Blue Bit Banc and ATM Coin

1. The defendant BLAKE KANTOR, also known as "Bill Gordon," was a resident of New York, New York. In or about March 2014, KANTOR established Blue Bit Banc, which also conducted business under the name Blue Bit Analytics, Ltd.

2. To establish Blue Bit Banc, KANTOR used approximately \$10,000 drawn from a bank account established at a TD Bank, N.A. ("TD Bank") branch located in

Suffolk County, New York, by John Doe #1, an individual who was a resident of Suffolk County, New York, and whose identity is known to the Grand Jury.

3. Blue Bit Banc sold a type of investment known as binary options, whereby Blue Bit Banc promised to pay customers a predetermined profit based upon particular outcomes in the markets for securities, currencies and other investments. For example, Blue Bit Banc would offer to pay customers a predetermined profit if a particular security or currency was valued at a particular price on a particular day at a particular time.

4. After establishing Blue Bit Banc, the defendant BLAKE KANTOR, also known as “Bill Gordon,” together with others, sold binary options to customers, processed credit card transactions and supervised other Blue Bit Banc employees from Blue Bit Banc’s offices in New York, New York, and elsewhere.

5. On or about July 29, 2015, the defendant BLAKE KANTOR, also known as “Bill Gordon,” directed Co-conspirator #1, an individual whose identity is known to the Grand Jury, to establish a TD Bank bank account in the name of “G Thomas Client Services Ltd.” (the “G. Thomas Account”) at a TD Bank branch located in Kings County, New York. Co-conspirator #1 established the G. Thomas Account, at KANTOR’s direction, to obtain money that was transferred from Blue Bit Banc customers to fund binary options investments.

6. On or about and between September 2017 and November 2017, both dates being approximate and inclusive, the defendant BLAKE KANTOR, also known as “Bill Gordon,” worked with John Doe #2, an individual who was a resident of Brazil and

whose identity is known to the Grand Jury, to market ATM COIN (“ATMC”), a cryptocurrency that was not convertible to United States currency or any other actual currency.

II. The Fraudulent Scheme

7. In or about and between March 2014 and November 2017, both dates being approximate and inclusive, the defendant BLAKE KANTOR, also known as “Bill Gordon,” together with others, misappropriated approximately \$2.1 million from approximately 713 investors who had invested in binary options with Blue Bit Banc (the “Investors”). KANTOR, Co-conspirator #1 and other employees of Blue Bit Banc used these monies for their personal benefit and for the benefit of Blue Bit Banc without the Investors’ approval.

8. In furtherance of the scheme to defraud, the defendant BLAKE KANTOR, also known as “Bill Gordon,” together with others, engaged in telephone and email communications from Blue Bit Banc’s office in New York, New York, with the Investors, some of whom were located in other states, including Delaware, North Carolina and Pennsylvania. During these communications, KANTOR, together with others, told the Investors in substance that the predetermined profits that Blue Bit Banc had promised them in connection with the Investors’ purchases of binary options would be based upon the actual prices of securities, currencies and other investments at particular points in time. In truth and in fact, however, as KANTOR then and there well knew and believed, Blue Bit Banc’s computer software allowed Blue Bit Banc to manipulate data associated with the Investors’

binary options so that the probability of Investors earning a profit would favor Blue Bit Banc. At no time did KANTOR, Co-conspirator #1 or any other Blue Bit Banc employees inform the Investors that the binary options that they had purchased from Blue Bit Banc could be manipulated to the Investors' disadvantage.

9. In furtherance of the scheme to defraud, the defendant BLAKE KANTOR, also known as "Bill Gordon," together with others, caused wire transfers to be made from bank accounts maintained by the Investors in Delaware, North Carolina, Pennsylvania and other states to a bank account that KANTOR, using the identifying information of John Doe #3, an individual whose identity is known to the Grand Jury, established in the name of Blue Bit Analytics, Ltd. at the Bank of Nevis, Ltd. in the Federation of St. Kitts and Nevis and the G. Thomas Account.

10. In furtherance of the scheme to defraud, the defendant BLAKE KANTOR, also known as "Bill Gordon," together with others, converted monies invested by some of the Investors into ATMC. KANTOR, together with others, informed those Investors that the ATMC that KANTOR converted the Investors' monies into was worth substantial amounts of money, in one case approximately \$600,000. In truth and in fact, however, as KANTOR then and there well knew and believed, ATMC could not be converted into United States currency or any other currency and thus could not have been worth substantial sums of money at the time that KANTOR made these statements to some of the Investors.

Obstruction of a Federal Grand Jury Investigation

11. On or about, October 20, 2017, Special Agents of the Federal Bureau of Investigation (“FBI”) met with the defendant BLAKE KANTOR, also known as “Bill Gordon,” at KANTOR’s residence in New York, New York. In substance, the agents explained to Kantor that they were investigating a binary options fraud scheme and requested in substance that Kantor and his counsel meet with the agents and an Assistant United States Attorney (the “government”) in Central Islip, New York. At the time of this meeting, the FBI agents who met with Kantor were participating in a grand jury investigation into a binary options scheme that was being conducted by a federal grand jury in Central Islip, New York.

12. Following his meeting with the FBI agents, the defendant BLAKE KANTOR, also known as “Bill Gordon,” informed Co-conspirator #1 about his meeting with the FBI agents and about KANTOR’s upcoming meeting with the government in Central Islip, New York. To obstruct the government’s investigation, KANTOR instructed Co-conspirator #1 to alter lists of Blue Bit Banc’s customers that were stored on the Internet to make it more difficult for the FBI to locate customers who KANTOR, Co-conspirator #1 and others working for Blue Bit Banc had defrauded.

13. On or about October 27, 2017, the defendant BLAKE KANTOR, also known as “Bill Gordon,” and his counsel met with the FBI agents and other federal agents and investigators in Central Islip, New York. During that meeting, KANTOR was questioned about his employment history between approximately August 2013 and October

2017. In order to obstruct the FBI agents' investigation, KANTOR falsely stated in substance that he had not worked for a binary options company since approximately August 2013. In truth and in fact, however, as KANTOR then and there well knew and believed, he established Blue Bit Banc, a binary options company, in or about March 2014 and was employed there in or about and between March 2014 and October 2017.

COUNT ONE
(Conspiracy to Commit Wire Fraud)

14. The allegations contained in paragraphs one through 13 are realleged and incorporated as if fully set forth in this paragraph.

15. In or about and between March 2014 and November 2017, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendant BLAKE KANTOR, also known as "Bill Gordon," together with others, did knowingly and intentionally conspire to devise a scheme and artifice to defraud the Investors, and to obtain money and property from them, by means of materially false and fraudulent pretenses, representations and promises, and for the purpose of executing such scheme and artifice, transmit and cause to be transmitted, by means of wire communication in interstate and foreign commerce, writings, signs, signals, pictures and sounds, contrary to Title 18, United States Code, Section 1343.

(Title 18, United States Code, Sections 1349 and 3551 et seq.)

COUNT TWO
(Obstruction of an Official Proceeding)

16. The allegations contained in paragraphs one through 13 are realleged and incorporated as if fully set forth in this paragraph.

17. In or about and between October 20, 2017 and November 6, 2017, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendant BLAKE KANTOR, also known as “Bill Gordon,” together with others, did knowingly, intentionally and corruptly alter, destroy, mutilate and conceal and attempt to alter, destroy, mutilate and conceal, one or more objects, to wit: Blue Bit Banc customer lists, with the intent to impair the objects’ integrity and availability for use in an official proceeding, to wit: a federal grand jury investigation being conducted in Central Islip, New York.

(Title 18, United States Code, Sections 1512(c)(1), 2 and 3551 et seq.)

COUNT THREE
(False Statement)

18. On or about October 27, 2017, within the Eastern District of New York, the defendant BLAKE KANTOR, also known as “Bill Gordon,” did knowingly and willfully make a materially false, fictitious and fraudulent statement and representation in a matter within the jurisdiction of the executive branch of the Government of the United States, to wit: the FBI, in that KANTOR falsely stated and represented to Special Agents of the FBI that he had not worked for a binary options company since approximately August 2013, when, in fact, as he then and there well knew and believed, he had established Blue Bit Banc,

a binary options company, in or about March 2014 and was employed there in or about and between March 2014 and October 2017.

(Title 18, United States Code, Sections 1001(a)(2) and 3551 et seq.)

CRIMINAL FORFEITURE ALLEGATION
AS TO COUNTS ONE AND TWO

19. The United States hereby gives notice to the defendant that, upon his conviction of either of the offenses charged in Counts One and Two, the government will seek forfeiture in accordance with Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), which require any person convicted of such offenses to forfeit any property, real or personal, constituting, or derived from, proceeds obtained directly or indirectly as a result of such offenses.

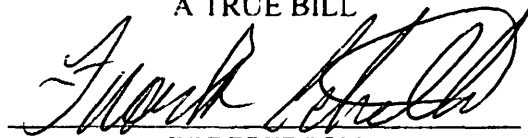
20. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be divided without difficulty;

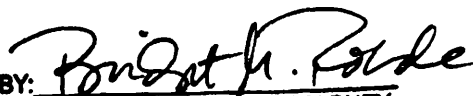
it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the forfeitable property described in this forfeiture allegation.

(Title 18, United States Code, Section 981(a)(1)(C); Title 21, United States Code, Section 853(p); Title 28, United States Code, Section 2461(c))

A TRUE BILL


FOREPERSON

RICHARD P. DONOGHUE
UNITED STATES ATTORNEY
EASTERN DISTRICT OF NEW YORK

BY: 
ACTING UNITED STATES ATTORNEY
PURSUANT TO 28 C.F.R. O.136

F. #2018R00396
FORM DBD-34
JUN. 85

No. _____

UNITED STATES DISTRICT COURT

EASTERN *District of* NEW YORK

CRIMINAL DIVISION

THE UNITED STATES OF AMERICA

vs.

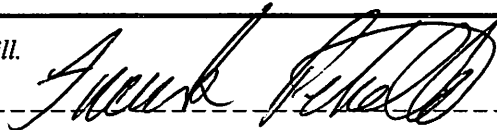
BLAKE KANTOR, also known as "Bill Gordon,"

Defendant.

INDICTMENT

(T. 18, U.S.C., §§ 981(a)(1)(C), 1001(a)(2), 1349, 1512(c)(1), 2 and 3551 et seq.; T. 21,
U.S.C., § 853(p); T. 28, U.S.C., § 2461(c))

A true bill.



Foreperson

Filed in open court this _____ day,

of _____ A.D. 20 _____

Clerk

Bail, \$ _____

Bradley T. King, Assistant U.S. Attorney (631) 715-7900